

Message Text

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ORIGIN STR-04

INFO OCT-01 AF-06 IO-10 ISO-00 COME-00 LAB-04 EB-07 TRSE-00

PCH-06 ARA-06 EA-07 EUR-12 NEA-10 OIC-02 FEA-01

AGR-05 CEA-01 CIAE-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 USIA-06 PRS-01 SP-02 OMB-01 /140 R

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FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA

INFO USMISSION GENEVA

AMCONSUL CAPE TOWN BY POUCH

AMCONSUL DURBAN BY POUCH

AMCONSUL JOHANNESBURG BY POUCH

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS - SOUTH AFRICA

REF: (A) PRETORIA 4021; (B) GARLAND-LUBBE LETTER APRIL 8, 1975; (C) GARLAND-LUBBE LETTER MARCH 4, 1975; (D) GARLAND-LUBBE LETTER JANUARY 14, 1975; (E) GENEVA 6317 OF OCT. 10, 1974

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1. EMBASSY REQUESTED INFORM SA DEPARTMENT OF COMMERCE

SERIOUS CONCERN WITH WHICH U.S. WOULD VIEW UNILATERAL SAG ACTION IN CURRENT ARTICLE XXVIII NEGOTIATION.

2. U.S. RESPONSE TO SAG CONTENTION PARA NO. 2 REF A IS CONTAINED IN REFS B, C, AND D (REFS B, C, AND D POUCHED SEPARATELY). EMBASSY AUTHORIZED BRING CORRESPONDENCE TO SAG ATTENTION.

3. U.S. CANNOT ACCEPT THE SA OFFER TO LOWER THE DUTY ON OIL LAMPS (70.14.20) FROM 5 PERCENT TO 2-1/2 PERCENT AS COMPENSATION FOR WITHDRAWING (EX. 84.15.90) EVAPORATORS AND CONDENSERS FROM THEIR SCHEDULE OF CONCESSIONS.

4. WHILE THE U.S. CANNOT BE CERTAIN ABOUT THE LEVEL TO WHICH SA WILL RAISE THE TARIFF ON EX. 84.15.90 ONCE THAT

CONCESSION IS WITHDRAWN, WE ASSUME THE TARIFF WILL BE HIGH ENOUGH TO BE TRADE RESTRICTIVE OR THE WITHDRAWAL IS SOMEWHAT POINTLESS. OTHER GOODS OF A SIMILAR NATURE IN THE SA TARIFF SCHEDULE ARE DUTABLE AT 20 PERCENT AND 25 PERCENT AD VALOREM. WE THEREFORE CONSIDER IT LIKELY THAT SA WILL ULTIMATELY INCREASE THE DUTY ON EX. 84.15.90 TO AT LEAST 15 PERCENT AD VALOREM, AND PROBABLY MORE. WE WOULD CONSIDER A 15 PERCENT DUTY ON THIS ITEM TO BE SIGNIFICANTLY TRADE RESTRICTIVE, IF NOT PROHIBITIVE. CONVERSELY, WE CONSIDER A TARIFF REDUCTION ON OIL LAMPS FROM 5 PERCENT TO 2-1/2 PERCENT TO BE marginally TRADE EXPANDING AT BEST. IN ANY CASE, IT CANNOT BE VIEWED AS A "MUTUALLY ADVANTAGEOUS CONCESSION." IF THE SITUATION WAS SUCH THAT SA WAS SEEKING TO INCREASE THE BOUND DUTY ON OIL LAMPS FROM TWO AND ONE-HALF PERCENT TO FIVE PERCENT WE ARE QUITE CERTAIN THAT SA WOULD NOT OFFER A DUTY REDUCTION FROM 20 PERCENT (OR MORE) TO ZERO ON EX. 84.15.90 AS COMPENSATION.

5. HOWEVER, U.S. WILLING TO TEST SAG CLAIM THAT SA NOT ALWAYS INTENDING TO INCREASE DUTY ON WITHDRAWN ITEMS TO PROHIBITIVE LEVELS. EMBASSY REQUESTED TO INVITE SAG OFFER OF REBINDING OF WITHDRAWAL ITEM (84.15.90) AT 12.5 PERCENT (ALTHOUGH U.S. PREPARED TO ACCEPT UP TO 15 PERCENT LIMITED OFFICIAL USE

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CENT REBINDING). IN SUCH CASE, U.S. PREPARED TO ACCEPT DUTY REDUCTION ON SAG OFFER OF ITEM 70.14.20 (OIL LAMPS, ETC.) FROM CURRENT 5 PERCENT LEVEL TO FREE REPEAT FREE AS SATISFACTORY SETTLEMENT. OTHERWISE U.S. WOULD CONSIDER AS ACCEPTABLE COMPENSATION PREVIOUS SA OFFER (SEE REF. E) OF DUTY REDUCTION OF 3 PERCENT TO ZERO AND BIND ON BLOCKS, PLATES, AND LITHOGRAPHIC STONES (84.34.30) IF ALSO COMBINED WITH CEILING BINDING NOT TO EXCEED 15 PERCENT AD

VALOREM FOR EX. 84.15.90. ALTERNATIVELY, IRRESPECTIVE OF WHETHER OR NOT SA AGREED TO REBIND 84.15.90 U.S. WOULD ACCEPT DUTY REDUCTION ON WATER SPRINKLERS AND SPRAYERS (84.21.10) FROM 15 PERCENT TO 9 PERCENT AND BIND. ALTHOUGH U.S. VIEWS NONE OF THESE POSSIBLE CONCESSIONS AS BEING FULLY RECIPROCAL FROM ALL STANDPOINTS THEY MEET SUFFICIENT CRITERIA TO BE ACCEPTABLE.

6. IF NECESSARY, EMBASSY SHOULD NOTE THAT UNDER NO CONDITION WOULD U.S. VIEW REDUCTION OF DUTY ON 70.14.20 (OIL LAMPS, ETC.) TO 2-1/2 PERCENT ALONE AS CONSTITUTING ADEQUATE ARTICLE XXVIII COMPENSATION FOR WITHDRAWAL. U.S. WOULD PREFER SA NOT FORCE U.S. TO RESORT TO GATT RESOLUTION PROVIDED FOR IN ARTICLE XXVIII:3A. INGERSOLL

NOTE BY OC/T: POUCHED CAPE TOWN, DURBAN AND JOHANNESBURG.

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Message Attributes

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